

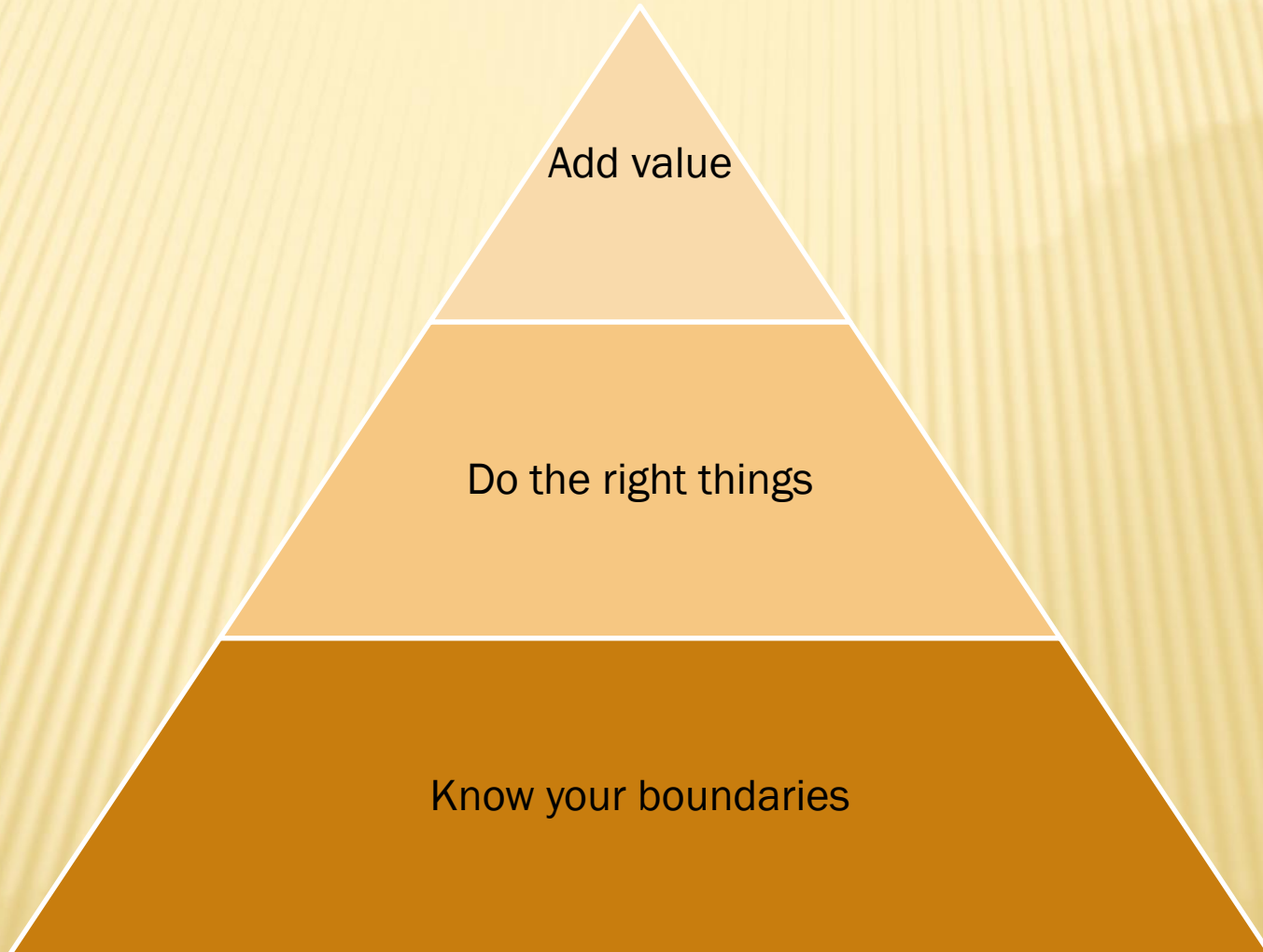
A silhouette of a person climbing a tall, vertical structure, possibly a ladder or a piece of equipment, against a bright, golden sunset sky. The person is positioned on the left side of the frame, leaning forward and reaching up. The background is a warm, orange glow from the setting sun, with a fence and other silhouettes visible in the distance.

**INTERNAL
AUDIT A
VALUABLE
ASSET?**

OUR WORKSPACE AND TEAM

- ♦ 10 Audit staff including myself
- ♦ All staff are graduates
- ♦ Senior staff have minimum of 10 years audit experience each and 3 years telco experience
- ♦ Industry is regulated by ICASA
- ♦ Not listed on any stock exchange
- ♦ >18m subscribers
- ♦ Distribution channels: Telesales, franchises, retailers and independent dealers as well as resellers in the informal market
- ♦ > 4 000 base stations countrywide
- ♦ Constant pressure to provide better coverage, better data quality, higher data speeds and support the latest handsets
- ♦ Support multiple technologies (ie 2G, 3G and LTE)
- ♦ Estimated telecommunications network related expenditure of R4.5bn in 2014/15
- ♦ Approximately 1 500 permanent staff

KEY LEARNINGS FROM THIS SESSION



KNOW YOUR BOUNDARIES

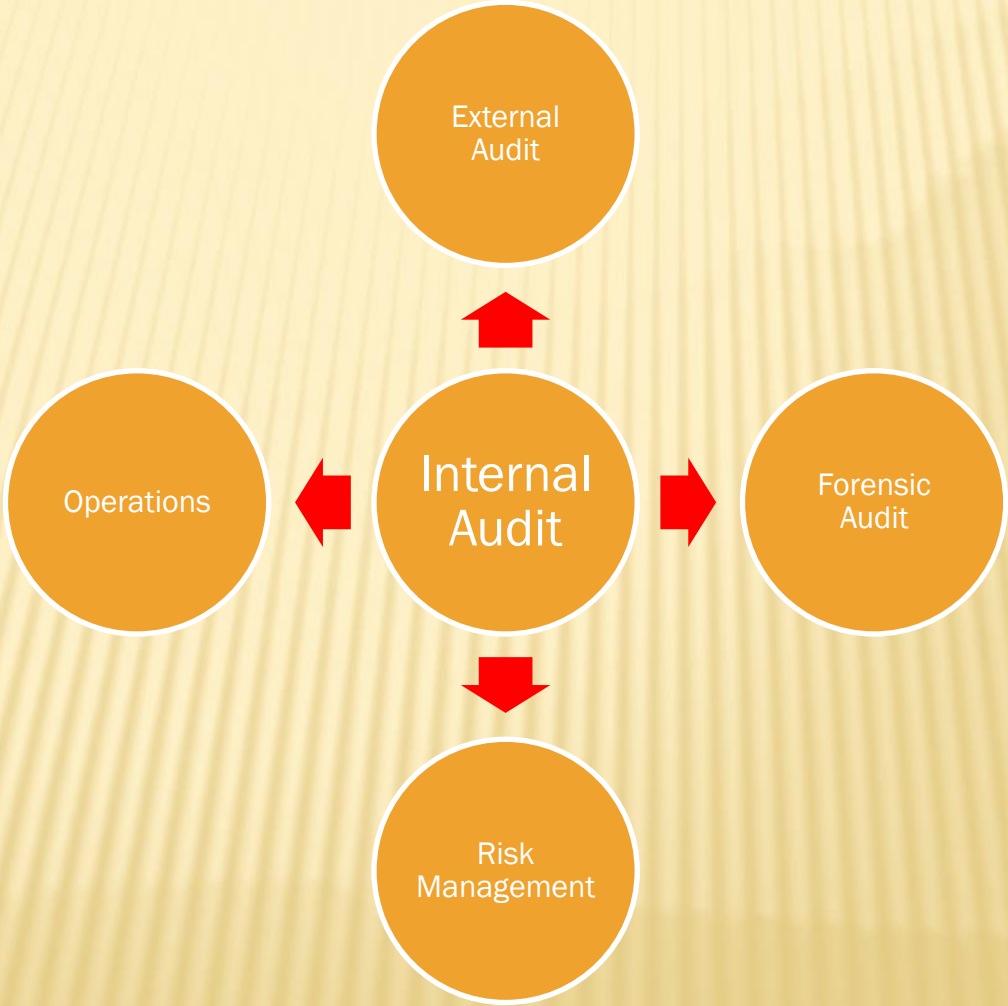
- ◆ Learn to say “No” if:
 - ◆ the request requires an operational decision
 - ◆ You do not have the capacity
 - ◆ You do not have and cannot source the expertise
- ◆ If you don’t know your boundaries others won’t either
- ◆ People and functions who cannot say “No” get abused
- ◆ A Jack of all trades is replaceable when a company restructures/becomes more focused because no one knows where you fit in and others believe they can take up your slack



Are you diamonds or coal?



KNOW YOUR BOUNDARIES WITH



INTERNAL AUDIT VS EXTERNAL AUDIT

	Internal Audit	External Audit
Assurance	Control environment	Fair presentation of Financial results
Reporting criteria	Control breakdown	Materiality
Audience	Internal	External
Evidence required	“Balance of probability”	“Beyond reasonable doubt”
Documentation	Prove my point	Court of law

INTERNAL AUDIT VS FORENSIC AUDIT

The end game for Internal Audit is.....



The end game for Forensic Audit is.....



INTERNAL AUDIT VS RISK MANAGEMENT

- ◆ Do not get your defence lines mixed up
 - ◆ Risk management is 2nd line of defence: Risk adequately mitigated
 - ◆ Internal Audit is 3rd line of defence: Adequate control environment
- ◆ Audit risk assessment vs business risk assessment
 - ◆ Audit risk assessment: What areas do I need to audit to provide assurance to business and the board on the control environment?
 - ◆ Business risk assessment: What are the areas that management needs to focus on to mitigate risk to acceptable levels for the business?
- ◆ You cannot audit yourself

INTERNAL AUDIT VS OPERATIONS

	Internal Audit	Operations
Line of defence	3 rd	1 st
Focus	Process	Process outcome
Expertise	Controls	Business
Responsibility	Report control breakdowns and progress to remedy	Provide and implement remedy

- ◆ Beware the consulting trap
 - ◆ Do not get involved in operational decisions
 - ◆ Avoid situations or meetings that can be used to say “Audit was there” OR “Audit said so”
 - ◆ The only opinion you should be expressing is the opinion in your audit report
 - ◆ Is the request going to result in a formal audit report?
 - ◆ Does the request result in controls being tested?
 - ◆ Can you report the outcome to the audit committee or the CEO?

DO THE RIGHT THINGS

- ◆ Team
- ◆ Behaviour
- ◆ Efficiency
- ◆ Effectiveness

CONSTRUCT YOUR DREAM TEAM

- ◆ Appoint members that are the right fit for **your** team
 - ◆ Team culture
 - ◆ Company culture
 - ◆ Experience and expertise
 - ◆ Personality
 - ◆ Balance
- ◆ Be passionate
- ◆ Empower your team
 - ◆ A strong vision
 - ◆ Clear strategy
 - ◆ Giving them ownership
 - ◆ Holding them accountable

CULTIVATE THE CORRECT BEHAVIOUR

The business at all levels must know that, as a team and as an individual, your are:

- ♦ Objective
- ♦ Consistent
- ♦ Reliable
- ♦ Professional
- ♦ Trustworthy
- ♦ Honourable

- ♦ Within the team
 - ♦ Respectful of each other
 - ♦ Have each other's backs
 - ♦ Be teachable
 - ♦ Share knowledge

WORK EFFICIENTLY

- ◆ Build powerful trust relationships within the business
- ◆ Share knowledge with and build networks to gain knowledge from the business
- ◆ Work smarter, not harder
- ◆ Keep it simple
- ◆ Keep it manageable
- ◆ Bite size chunks

WORK EFFECTIVELY

- ♦ Work with the end in mind
 - ♦ Outcome
 - ♦ Audience
- ♦ Avoid analysis paralysis
- ♦ Flexible, balanced and focused audit plan
- ♦ 80/20
- ♦ Plan, Plan and PLAN

QUESTIONS?